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SUBJECT: COMMUNISTS IN OREL EMPOWERED AMIDST TWIN
LEADERSHIP SCANDALS

¶1. (SBU) This message is sensitive but unclassified; please protect accordingly.

¶2. (SBU) Summary: The Communist Party (KPRF) in Orel is gaining support at the expense of United Russia due to the overwhelming level of government corruption there, and the economic crisis in general. Locals perceive the Communists as having made in-roads by blowing the whistle on malfeasance and by garnering support for an alternative anti-crisis plan. Two major leadership scandals, involving both Orel's former governor and current mayor, illustrate the deep level of corruption in the region and throughout Russia. End Summary.

¶3. (SBU) During an April 21-24 visit to Orel Oblast, five hours south of Moscow by train and home of the Russian writer Turgenev, discussions with prominent individuals always included a mention of the over 150 corruption-related criminal cases being officially investigated in Orel. Two major leadership scandals, involving long-time Governor Yegor Stroyev and Mayor Alexander Kasyanov, are most indicative of the situation. On February 16, following growing Kremlin concern of social unrest during the economic crisis, President Medvedev sacked Stroyev, along with three other prominent regional governors in Pskov, Voronezh, and the Nenetsky Autonomous District, citing the need to reevaluate "efficiency of governance." On March 18, police arrested Kasyanov on charges of tax evasion to the tune of 137 million rubles (approximately USD four million). These scandals, combined with the worsening economic crisis, have enabled the Communists to win over some support from the United Russia party.

Stroyev: Blossoming Career or Honorary Exile?

¶4. (SBU) Stroyev's situation and subsequent related events point to a deep level of political intrigue on a regional level. Medvedev sacked Stroyev after his two deputies had been charged with fraud (one is currently in Israel awaiting possible extradition). Two days later, Stroyev's former son-in-law, Alexander Rogachev, a retired general of the Russian Federal Security Service and a successful Orel businessman, was shot dead in Moscow. Stroyev's daughter, Marina Rogacheva, immediately resigned her seat in the Federation Council so her father could fill in and retain a government position. United Russia member Alexander Kozlov was appointed to replace Stroyev as Orel Regional Governor and, in turn, to replace his daughter, Marina Rogacheva. Russians are shell-shocked by this political chain of events because Stroyev had managed to serve as a Governor for decades, throughout the Gorbachev, Yeltsin, and Putin eras, as a member of both the Communist Party and United Russia.

¶5. (SBU) Sources in Orel presented diametrically opposing views about this scandal; that Stroyev's career will further blossom now that he is in the Federation Council or that he

is on "honorary exile" since Kozlov merely gave Stroyev a generous gift in the form of a cushy job as senator in an administrative organ of little importance. Veronika Katkova, Deputy Director of "United Europe" Public Problems Research Institute and former adviser to Kasyanov told us on April 22 that Stroyev had an agreement with Putin that he would not be removed, but that Medvedev acted on his own. She argued that Putin then helped Stroyev by ensuring that he ended up in the Federation Council. Stroyev used to be close to Yeltsin and is now close to Putin. She told us that Stroyev wants power in Moscow and thought he could ultimately become the next Federation Council Chairman replacing Just Russia's Sergey Mironov. She said that this is all reshuffling and that Medvedev did not address corruption by firing Stroyev.

16. (SBU) On the other hand, Dmitriy Krayukhin, Director of two human rights organizations "United Europe" and the Orel Regional NGO "For Human Rights" told us on April 22 that Stroyev lost his influence in the Kremlin last year and there was a domino effect which resulted in many corruption scandals in Orel. He told us that Stroyev is very talented and intelligent. Initially, according to Krayukhin, Yeltsin hated Stroyev, but Stroyev managed to earn Yeltsin's respect. Last year Stroyev was excluded from the list of so-called untouchable people which was the first sign that he was losing power in the region. A few days before Stroyev was sent to the Federation Council, he was accused of stealing land. People from Orel are upset that he was sacked as Governor, but made a "soft landing" as their un-elected senator.

Kasyanov: Tax Evader or Political Outsider?

17. (SBU) Turning attention to corruption on the city level, Mayor Alexander Kasyanov was taken into custody on March 18. Officially he is being tried for tax evasion in the Novocheboksarsk City Court in the far-away Republic of Chuvash where Kasyanov was General Director of the construction company "Stroyinvestdevelopment." Deputy Mayor Valentin Bocharov told us on April 22 that he believed this arrest was based not on politics but on strict violations of the law and that Kasyanov was accused of hiding profits related to his construction company. He told us that Kasyanov was an independent candidate, but that the KPRF supported him. Bocharov admitted that the relations between Stroyev and Kasyanov were not close and he characterized Kasyanov's relations with current Governor Alexander Kozlov as "business-like, but not close."

18. (SBU) The KPRF's Regional Council Faction Head Vasiliy Ikonnikov told us that Kasyanov's removal was "absolutely political" and that there was a personal conflict between Stroyev and Kasyanov which resulted in Stroyev ousting Kasyanov. Katkova told us that Kasyanov did not realize "Stroyev was like a monster." Ikonnikov explained that nobody has ever been convicted under the obscure charge that Kasyanov was facing (concealment of due financial payments, Article 199.2 of the Russian Criminal Code). Ikonnikov told us that Kasyanov was the head of an enterprise in Chuvash and people supported him; "he was not corrupt." According to Ikonnikov, during the last mayoral elections in 2006, Stroyev endorsed a candidate who lost to Kasyanov, and investigations of Kasyanov date back to this time. After a year in office, however, Kasyanov joined United Russia and this change eroded his base of support among the Communists. According to Katkova, Stroyev threatened Kasyanov that if he did not join United Russia, he would go to prison. State Duma elections were held by party list and United Russia put Kasyanov on the top of the Orel Regional voting list to attract voters. Although United Russia won, Kasyanov gave up his seat instead of resigning as mayor. Katkova argued that after joining United Russia, Kasyanov lost KPRF's support and was arrested. She stated that "this was all done intentionally, there is no issue of tax evasion and nothing criminal; this is strictly political." Finally, Kommersant newspaper reported on March 19 that Kozlov "invited Stroyev to voluntarily write

a letter of resignation," which further implies a political scandal.

19. (SBU) Kasyanov's days as mayor appear to be numbered, but he could face one of several different scenarios. Kasyanov is currently being held in pre-trial detention. On April 29, the Federation Council approved federal legislation to allow representative bodies of municipal authorities to terminate the powers of mayors. When Medvedev signs this law (expected any day), it will allow for the City Council to sack Kasyanov for failure to carry out his duties, but it is not clear if or how soon they may dismiss him. Deputy Mayor Bocharov told us if there is a guilty verdict, he will step down as mayor. However, Bocharov hopes Kasyanov will be acquitted and can work again. According to Bocharov, Kasyanov is in the middle of serving a five-year term as mayor and the next elections are not scheduled until March 2011. Katkova thought that Kasyanov may not be acquitted because the Chuvash prosecutor would have to admit to Stroyev pressuring him. In Katkova's view, Kasyanov was doomed. She argued that Stroyev had used this case to demonstrate his power and did not expect to be removed. Krayukhin argued that the mayor will likely get a conditional sentence (guilty, no prison time) this summer. He told us "this is the only way out" because if Kasyanov is acquitted the authorities will have to acknowledge that they acted wrongly by arresting him. Mayoral elections would then likely be moved up to the fall of 2009.

Communist Party Attracts Disenfranchised Voters

10. (SBU) According to our interlocutors in Orel, voters in the Orel Region have shifted their attitudes away from United Russia and toward KPRF leadership because they are fed up with corruption and the economic crisis. According to Deputy Mayor Bocharov, KPRF already had a good basis of support before these events as Orel has 263,000 military veterans in a population of nearly 900,000 and is located in Russia's agrarian "Communist Red Belt." In the December 2007 State Duma elections, the KPRF posted a relatively strong showing (17.58 percent) in Orel, overshadowed by United Russia with 59.85 percent of the vote. Similarly, as a result of the 2006 elections for the Orel City Duma, there are 11 KPRF deputies as opposed to 27 United Russia members. In the Regional Council of Peoples' Deputies, there are 11 KPRF

deputies (20 percent) compared to 35 United Russia members, and members from both the Liberal Democratic Party of Russia (LDPR) and Just Russia. The KPRF's Ikonnikov told us on April 22 that the Communists played a key role in removing Stroyev as governor as well as his two deputies. He described the Communists' growing role in Orel Region, stating that 30-36 percent of voters currently support KPRF in Orel City and Region, but that the numbers are growing and may soon reach 40 percent. He attributed this spike in popularity to KPRF's anti-corruption measures and proposed alternative 15-point strategy to handle the economic crisis. He explained how the Communists have initiated several corruption cases in Orel and that they have made anti-corruption their key goal. Ikonnikov thought that the factors behind this shift, included that the KPRF party is very active; it has a very effective anti-corruption campaign; protest actions regarding housing, rising communal services prices, and employment are perceived as evidence of the Communists defending social rights of the population; and people see the Communists' tangible results concerning anti-corruption.

Comment

11. (SBU) Medvedev's sacking of Governor Stroyev, allegedly to root out corruption, only resulted in a reshuffling. This shows that corruption continues to be an endemic problem here that will be difficult to address. In spite of these signs in Orel Region as well as in other regions, United Russia will have little trouble maintaining broad national support in the short term.

